

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D. C. 20268-0001

RECEIVED
MAY 30 12 59 PM '00
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

TIME WARNER INC. NOTICE OF ERRATUM TO TW-T-1
(May 30, 2000)

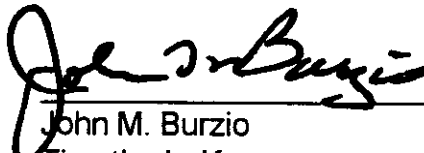
Time Warner Inc. (Time Warner) hereby gives notice of the following erratum to the testimony of witness Halstein Stralberg, TW-T-1 (filed May 22, 2000).

Two citations were inadvertently omitted from TW-T-1 at page 55, lines 8 through 12. The corrected page, which is attached, deletes what is crossed through and inserts what is shown in boldface below:

The second reason I believe presort differentials still are understated is the Postal Service's assumption, introduced first in Docket No. MC96-2, USPS-T-4 (Seckar), and unchallenged since, that its manual incoming secondary sorting rate in non-FSM offices, which is where most such sorting occurs, is very high – at 846 pieces per manhour (LR-I-90 at 32).
~~Cite.~~

This correction does not alter the substance of the testimony.

Respectfully submitted,



John M. Burzio
Timothy L. Keegan

Counsel for
TIME WARNER INC.

Burzio & McLaughlin
Canal Square, Suite 540
1054 31st Street, N. W.
Washington, D. C. 20007-4403

1 appears that bundle handling and piece sorting costs are reflected in a quite complete
2 manner in the current model, the allied labor following piece sorting has not been
3 modeled at all.

4 I have not attempted to update the flats model to include this additional allied labor,
5 due to lack of time and resources and an apparent paucity of reliable data with which
6 to analyze these costs. But its existence clearly indicates that the cost differentials
7 produced by the model are conservative.⁴⁴

8 The second reason I believe presort differentials still are understated is the Postal
9 Service's assumption, introduced first in Docket No. MC96-2, USPS-T-4 (Seckar), and
10 unchallenged since, that its manual incoming secondary sorting rate in non-FSM
11 offices, which is where most such sorting occurs, is very high – at 846 pieces per
12 manhour (LR-I-90 at 32). Since this is higher than the productivity rates the Postal
13 Service achieves with most types of FSM sorting, the flats model currently seems to
14 imply that it would cost more to sort flats if there were enough FSM's to do all the
15 sorting by machine, eliminating manual incoming secondary sorting completely.

16 To see the impact of this assumption, I ran the model assuming that the manual
17 incoming secondary flat sorting productivity is the same in non-FSM offices as the 457
18 pieces per manhour that it is in FSM offices. The effect of this change would be to
19 increase the differential between carrier route presorted and 5-digit presorted flats by
20 1.5 cents per piece. Since I find it extremely unlikely that the 846 pieces per manhour in
21 manual incoming secondary sorting is being achieved in practice, the carrier route

⁴⁴ In his response to TW/USPS-T25-2j (Tr. 5/1467), Yacobucci argues that his model does include the costs referred to above, since through the CRA adjustment he pulls in all costs incurred in opening and pouching units. But here, as in some of his other responses, Yacobucci appears to have missed the point that a worksharing mail flow model is meant not just to account for all the costs but to de-average them. The CRA adjustment is meant to include costs not explicitly modeled, but it is based on the assumption that the costs not modeled are incurred by each of the mail categories under study in the same proportion as the explicitly modeled costs. Such an assumption is seldom completely true, and it therefore is better to try to include explicitly as many costs as possible. Ideally, one should aim for CRA adjustment factors that are fairly close to 1.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document on all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.


Timothy L. Keegan

May 30, 2000